

## FACT CHECK: Administration's Academic Forum Creates New Ways for Democrats to Procrastinate Instead of Reforming Fannie and Freddie

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As the Administration pulls together their ideological allies for an intellectual exercise on how to keep the government involved in housing finance, taxpayers are demanding an end to the unlimited bailout of the two enterprises that started the housing mess and led to the financial crisis. Democrats have offered 18 months of lip service, and seem to think hosting a new (and probably expensive) conference will buy them more time. Meanwhile, Republicans offered plans to shut off the nearly \$150 billion (and growing) taxpayer bailout back in July of 2009, but the Democrats have ignored these proposals for more than a year. As Chairman Barney Frank plainly (read: off message) said in today's New York Times "[t]here is no urgency." And by the way things are going it looks like no Democrat reform proposals will be brought up until at least after the election.

Democrat Claim #1: Administration officials insisted they sought a "broad range of ideas" from "the best and brightest" in structuring the conference and that the panelists would "represent a very wide range of perspectives and interests."

FACT: As Ranking Member Bachus pointed out in a letter sent yesterday to Secretary Geithner, "[v]irtually all of the participants are proponents of a continued Federal government role in backstopping the residential mortgage market, which implies a continued role for taxpayers in bearing losses in times of crisis. The lack of balance in the list of invited participants gives rise to a concern that Treasury is less interested in a candid airing of competing viewpoints than in laying the groundwork for a predetermined policy outcome that looks uncomfortably similar to the failed status quo."

Democrat Claim #2: Prior to the conference, the Chairman of the subcommittee responsible for GSE oversight said on CNBC that he plans to reach out to Senators McCain and Shelby to discuss their amendment to the financial regulatory

reform bill, and that "if there is a private solution, certainly I encourage the private market to come into the field and show what that solution would be."

FACT: If Mr. Kanjorski is interested in bringing in other perspectives, he should check in with the Members who serve on his committee. Senator McCain's GSE amendment was largely based on legislation introduced by Rep. Jeb Hensarling and other House Republicans - H.R. 4889, "The GSE Bailout Elimination and Taxpayer Protection Act" - which phases out taxpayer subsidies of Fannie Mae and Freddie Mac over a number of years and ends the current model of privatized profits and socialized losses. Rep. Hensarling's bill has 21 co-sponsors and has been referred to the Financial Services Committee, where it currently languishes. Contrary to Chairman Kanjorski's statements on CNBC, neither he nor Chairman Frank has shown any interest in engaging with Committee Republicans on the merits of this proposal.

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Democrat Claim #3: A "furious" Chairman Frank called NY Times' Andrew Ross Sorkin this morning, claiming "there is no urgency" to reform Fannie and Freddie and stating "[w]e've already abolished Fannie and Freddie...[y]es, we waited too long to fix it. But the money is not being lost by anything they are doing now."

FACT: Only Congressional Democrats would consider their job complete when it's just a matter of putting the taxpayers on the hook for potentially trillions of dollars of mortgage obligations. No urgency? Tell that to taxpayers who have shelled out nearly \$150 billion to prop up the failed entities, with no end in sight. Already abolished? Then how did they ask for billions more in taxpayer support this quarter? Just because Treasury gave the top executives at Fannie and Freddie multi-million compensation packages... payable in cash (hey, their stock is worthless)...doesn't mean they've been "abolished" or "fixed." In fact, they are alive and well and in desperate need of reform.

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Note to Democrats: Instead of setting up more "planning meetings" and hearing after hearing that never directly

addresses legislative proposals, take the House Republican approach and put forth principles, a proposal, and legislative text that we can debate. In the meantime, House Republicans will continue the fight to phase out the largest taxpayer bailout of them all. [Click here to view the Republican plan.](#)